High-Performing Organization Transforming Logistics Through the HPO

9 January 2006

Ray Urena
U.S. Army Corps of Engineers

The US Army Corps of Engineers
Vision Statement

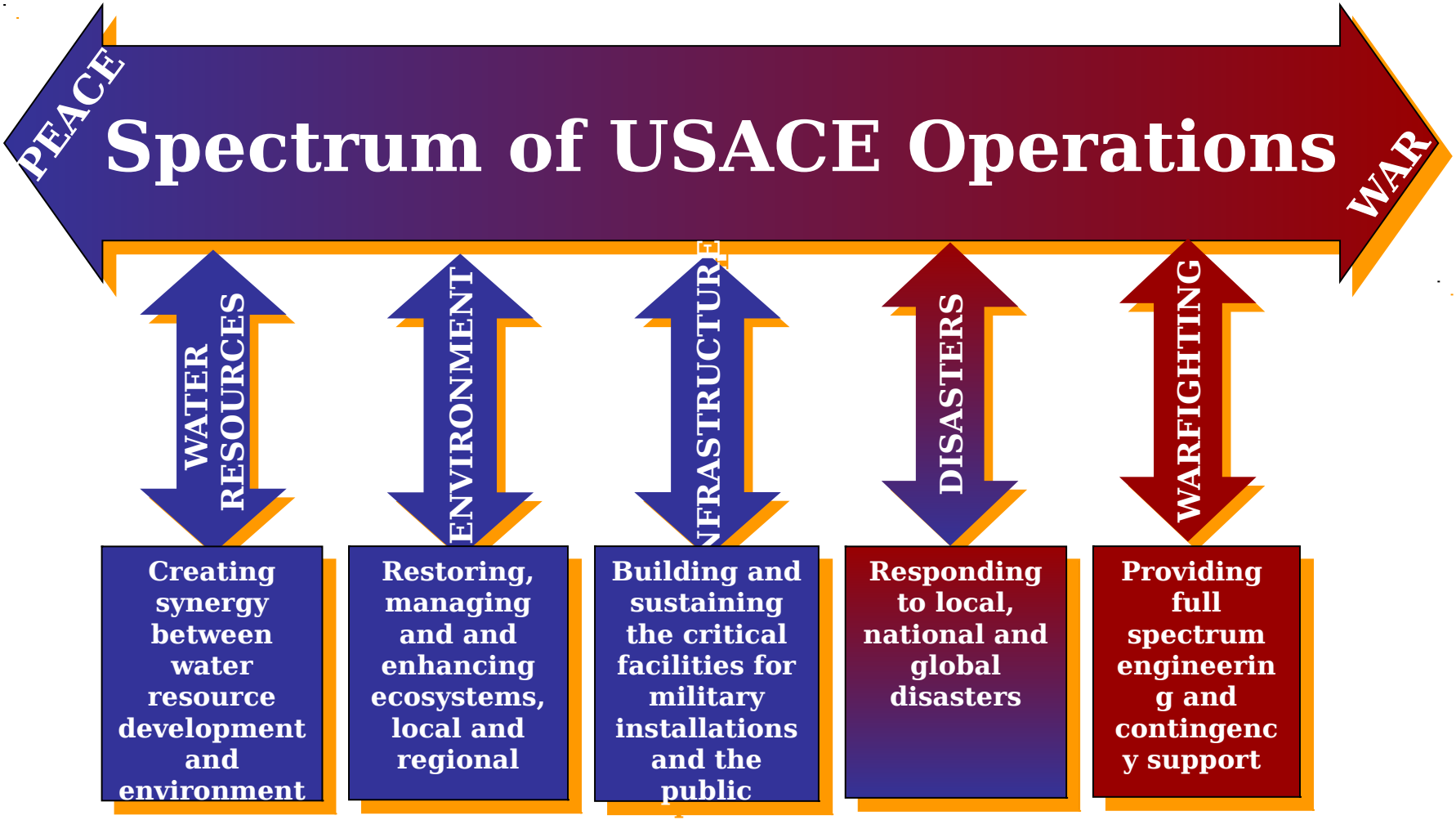
"The world's premier public engineering organization responding to our Nation's needs in peace and war."

A full spectrum engineer force of high quality, dedicated soldiers and civilians:

- **Trained and Ready**
- **Vital Part of The Army**
- **Dedicated to Public Service**
- **Army Values-Based**

The US Army Corps of Engineers
USACE Operations

One Corps Serving the Nation and the Armed Forces


PEACE
Spectrum of USACE Operations
WAR
WATER RESOURCES
ENVIRONMENT
NFRASTRUCTURE
DISASTERS
WARFIGHTING
Creating synergy between water resource development and environment
Restoring, managing and and enhancing ecosystems, local and regional
Building and sustaining the critical facilities for military installations and the public
Responding to local, national and global disasters
Providing full spectrum engineering and contingency support

USACE Missions

Military Programs

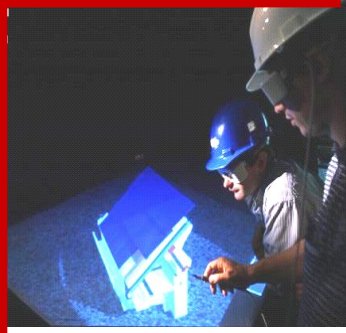
- Base operations
- Environmental restoration
- Geospatial engineering

Homeland Security

- Critical infrastructure
- Anti terrorism planner

Research &

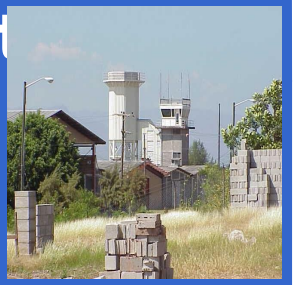
- Military engineering
- Terrain & geospatial
- Structures
- Environment



Real Estate

- Acquire, manage & dispose
- DOD recruiting facilities
- Contingency operations

Interagency Support

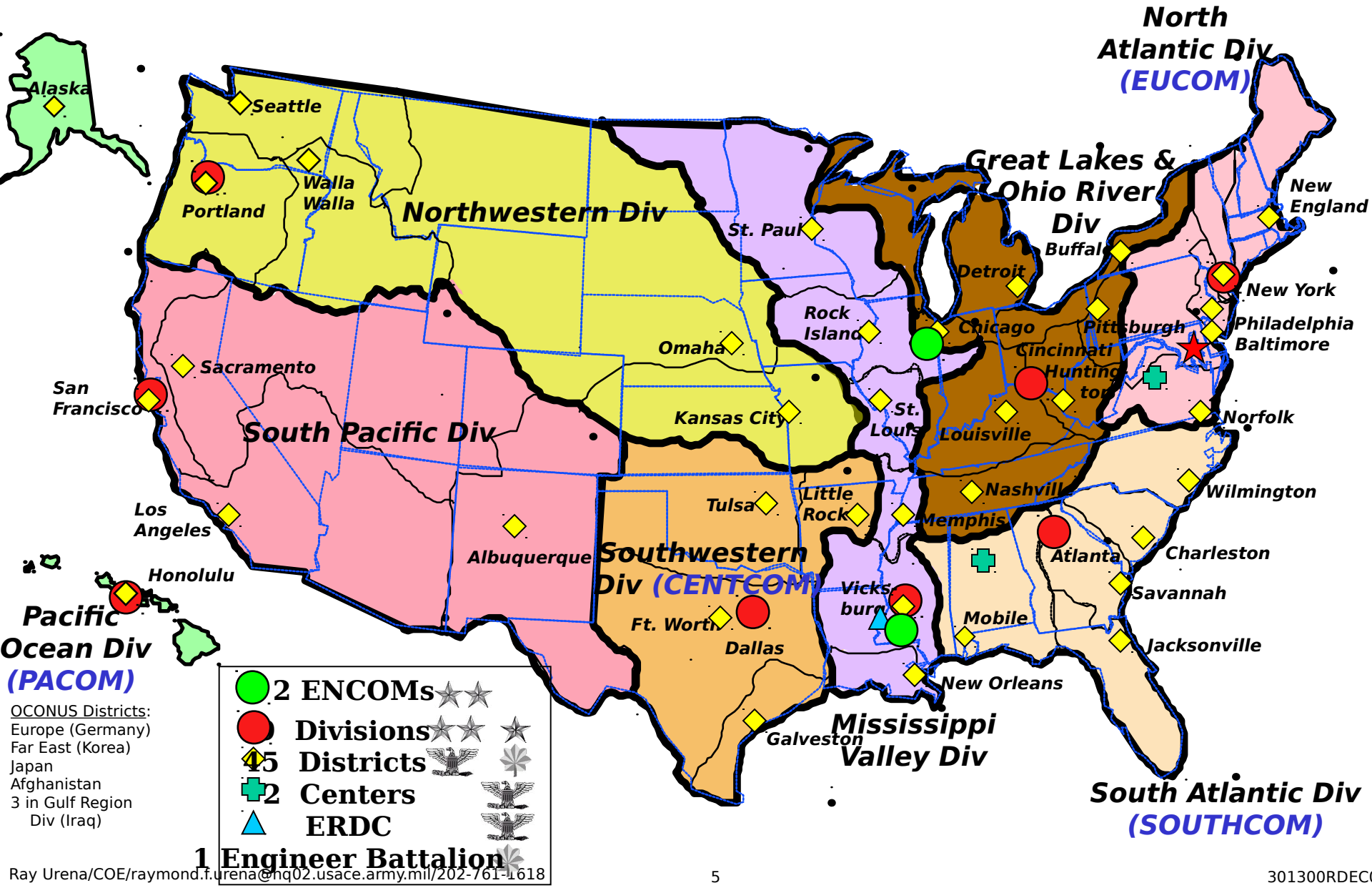


- DOD
- Federal
- State
- Local
- International

Civil

- Navigation, hydropower
- Flood control, shore protection
- Water supply, regulatory
- Recreation, disaster response
- Environmental restoration

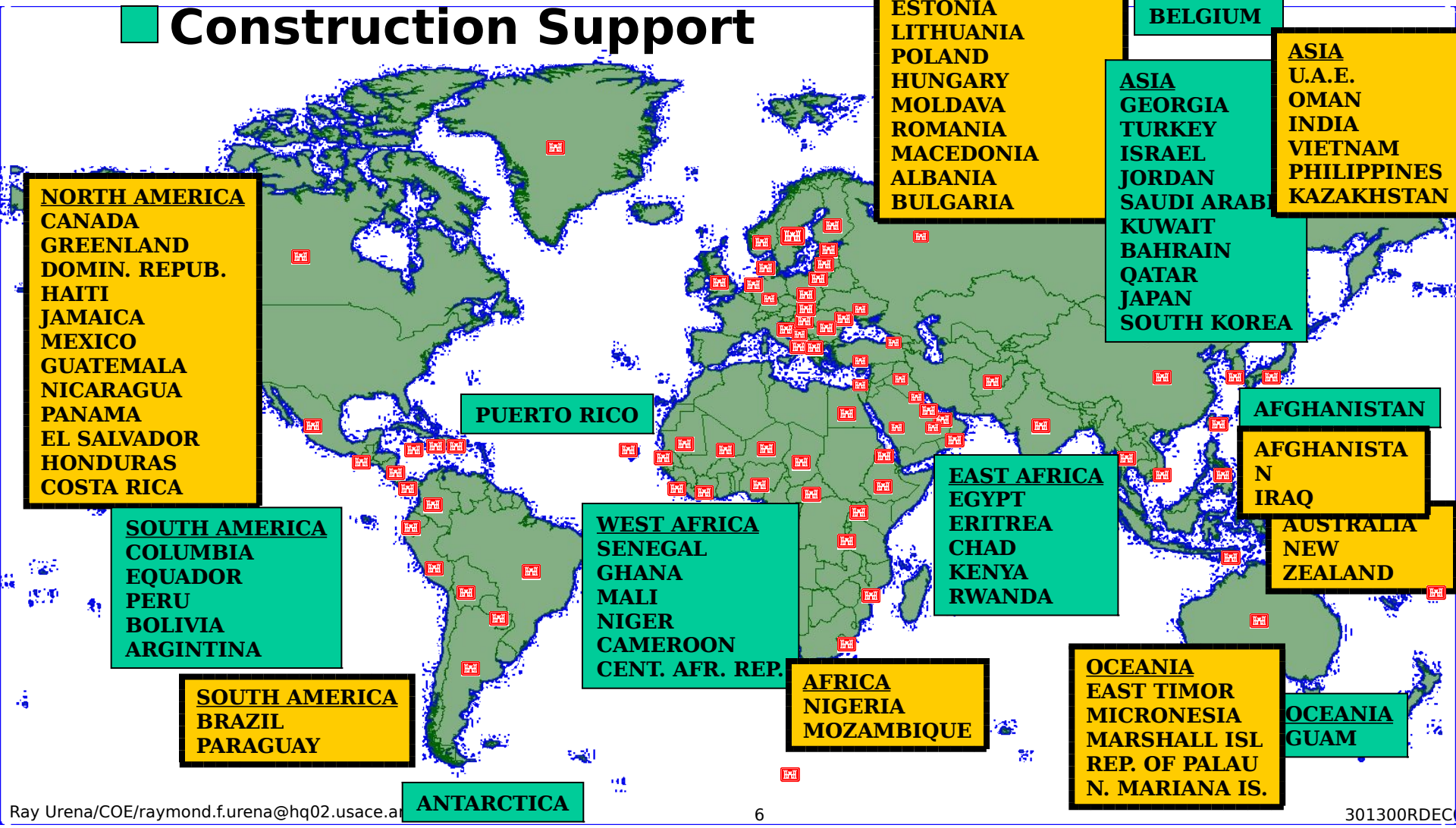
MACOM Overview



OCONUS Districts:
Europe (Germany)
Far East (Korea)
Japan
Afghanistan
3 in Gulf Region
Div (Iraq)

USACE Around the World

- Technical Assistance
- Construction Support



What is the US Army Corps of Engineers?

Civil Works
Energy & Water Devel. Approp.
$6.3 B
25,000 personnel

Centrally funded

Project funded

HQ

Military Programs
DOD & Mil Construction Approps
Support for Other Fed. Agenc
Reimbursable
$13.5 B
10,000 personnel

9 Divisions

45 Districts

250 Army officers

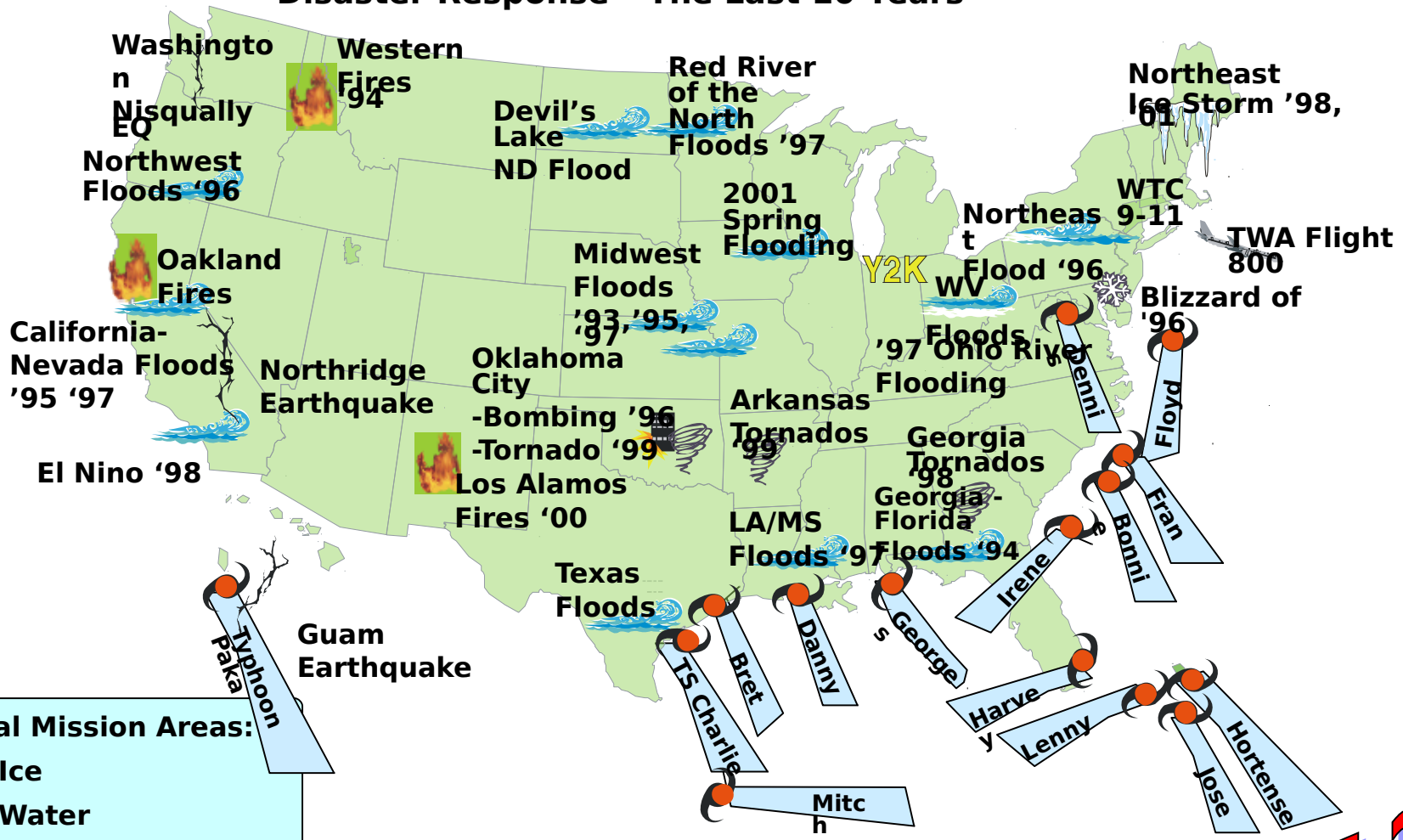
"Self-leveling" Workforce based on Workload

Contractors execute 65% of architect-engineer services & 100% of construction

An organization unique in the world: Expert civilians led by small officer corps

Support to the Nation and the Armed Forces

Disaster Response – The Last 10 Years



- Typical Mission Areas:
  - Ice
  - Water
  - Emergency Power
  - Temporary Roofing
  - Temporary Housing
  - Technical Assistance

FEMA's Engineer

2005 Hurricanes
- Dennis
- Emily
- Katrina
- Rita
- Wilma

ESF-3

High-Performing Organization

Why the HPO?

- **Why us?**
  - President's Management Agenda FY 2002
  - OMB Circular A-76
  - DoD Inventory of Commercial and Inherently Governmental Activities
- **Why now?**
  - July 2003 OMB report with the Army's competition plan reflecting mission and workforce
  - FY 2005 announcement of Logistics A-76 competition
  - Acceptance of challenge to develop HPO – June 2005
- **Who is affected directly?**

  All CONUS based USACE logistics employees (Includes Hawaii and Alaska)
- **Who will benefit?**
  - The entire Corps because of re-engineered processes
  - FEMA, DHS, USACE Mission Teams (restructured planning/response strategy)
- **Why is the HPO approach preferable to the normal A-76 process?**
  - Benefits leveraged in the HPO approach (faster, better, cheaper, safer)
  - Economy of scale & program/process consistency
  - Employees do not have to compete with private sector for their jobs
  - USACE improvement of logistics Civil Emergencies and Military Contingencies response capability
- **Excluded elements**
  - All Overseas (Far East, Japan, Europe, Afghanistan, Gulf Region Division and associated districts) Districts, Transatlantic Center, Washington Aqueduct Office, and 249th EN BN (Prime Power) are exempt from the study
  - Excluded elements will be impacted by the new business processes

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Re-engineer processes

- **Results orientated** *(Customer orientated)*
- **Streamlined** *(Variation reduced)*
- **Standardized** *(Uniform output)*
- **Optimized**
- **Responsive** *(Fast throughput)*
- **Lean** *(Reduces waste)*

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Results

Matrix

Flat/Horizontal

External Focus

Empower Workforce

Proactive Behavior

Leverage Technology

Share Knowledge *(Learning)*

Manage Risk

Partnerships

Constructive Labor/Management

Environment

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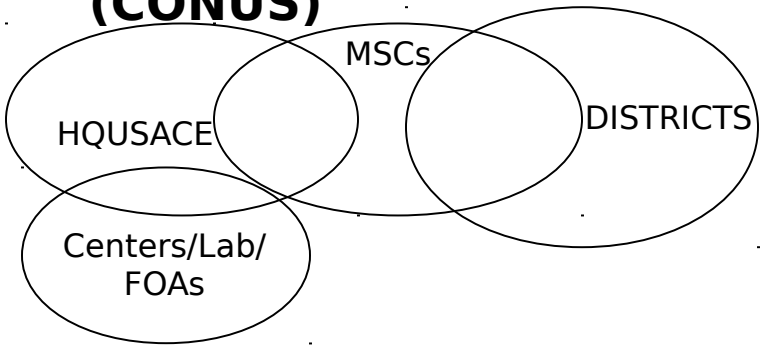
Current Logistics Business Process Model (CONUS)

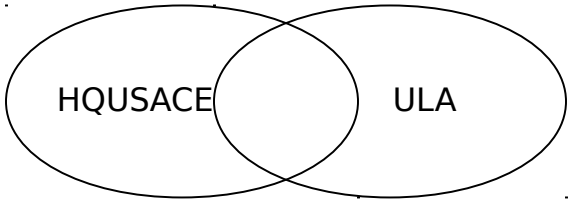


HQUSACE & MSCs perform Management & Oversight Process

Districts/Centers/Lab/FOAs perform the following functions

- **Supply**
- **Travel**
- **Transportation**
- **Maintenance**
- **Facility Management**
- **Limited Civil and Military Response Support**

Future Logistics HPO Business Process Model (CONUS)



HQUSACE & USACE Logistics Activity (ULA)

- **Performs the Management & Oversight of functions**

Logistics Activity Center (LAC)

- **Supply**
- **Travel**
- **Transportation**
- **Maintenance**
- **Civil and Military Response Processes**

Regional Logistics Liaisons (RLL) & Logistics Delivery Points (LDP)

- **Provide onsite logistic support**

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Major Process Changes (Business Process Reengineering and Valu

- **Transportation**
  - **Centralized management of Centrally Billed Accounts (travel)**
  - **Centralized PCS/TCS/Passport/Visa processing/management**
  - **Centralized Foreign Travel Clearance processing**
  - **Centrally managed, locally dispatched Vehicle Fleets**
- **Facilities**
  - **Master Planning centralized**
  - **Space Management centralized, facility care/maintenance locally managed**
  - **Centrally managed support contracts**
- **Maintenance**
  - **Centralized maintenance management**
  - **Centrally managed maintenance contracts to include aircraft maintenance**
- **Logistics Delivery Points are HPO assets**

  Onsite, multi-skilled, dedicated direct support team

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Major Process Changes (Business Process Reengineering and Va

- **Supply**
  - **Property book management centralized**
  - **Implement Army property threshold policy**
  - **DOD three-year inventory cycle implemented**
  - **Enterprise personal property asset management**
  - **Centralized management of capitalized assets (Chief Financial Officers Act)**
- **Contingency/Emergency Capabilities**
  - **Dedicated military/civil contingency staff planners**
  - **Simultaneous multiple civil & military responses**
  - **75% of workforce designated emergency essential**
  - **Professional logistics emergency response staff**

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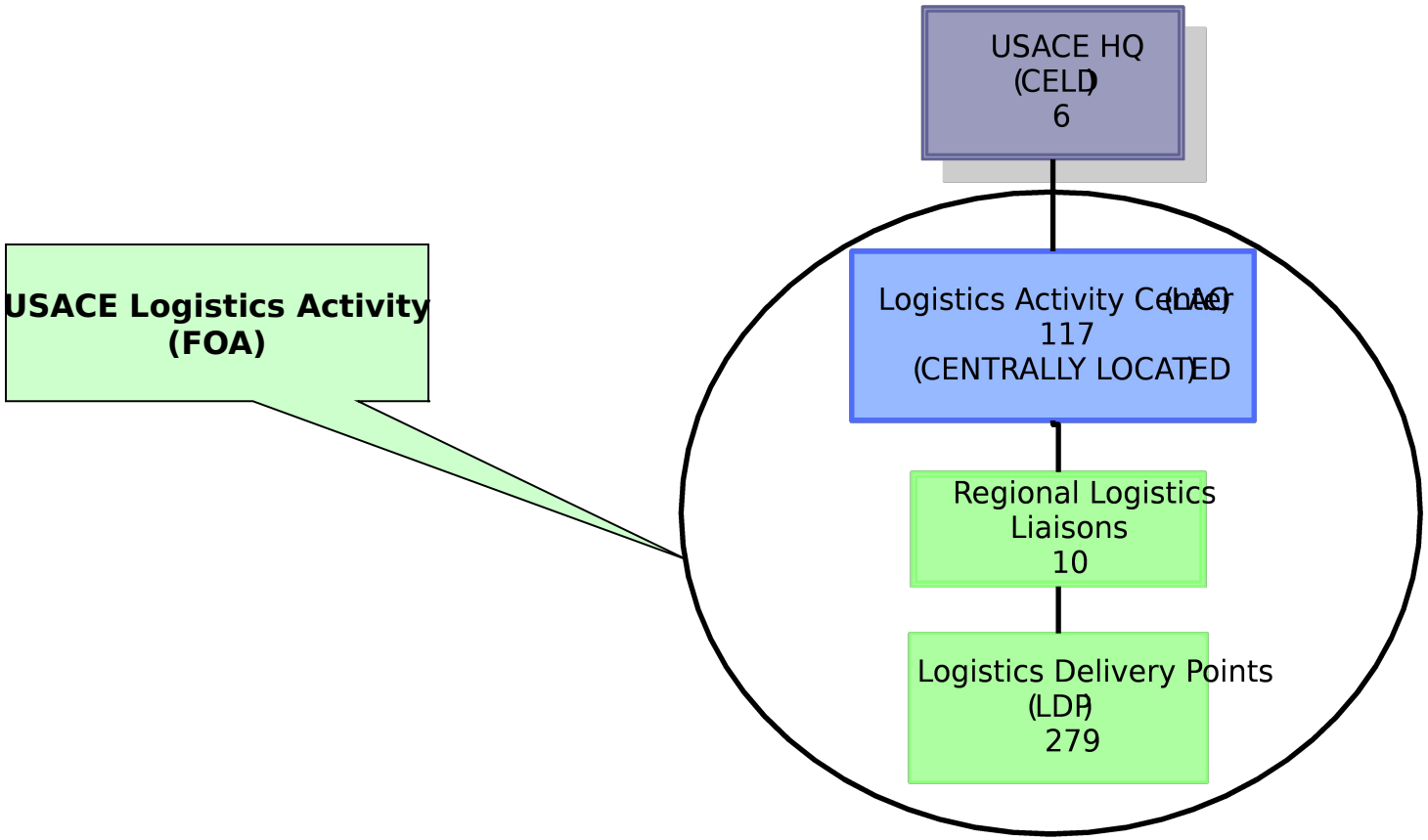
Logistics Organization as a HPO …



Total 412

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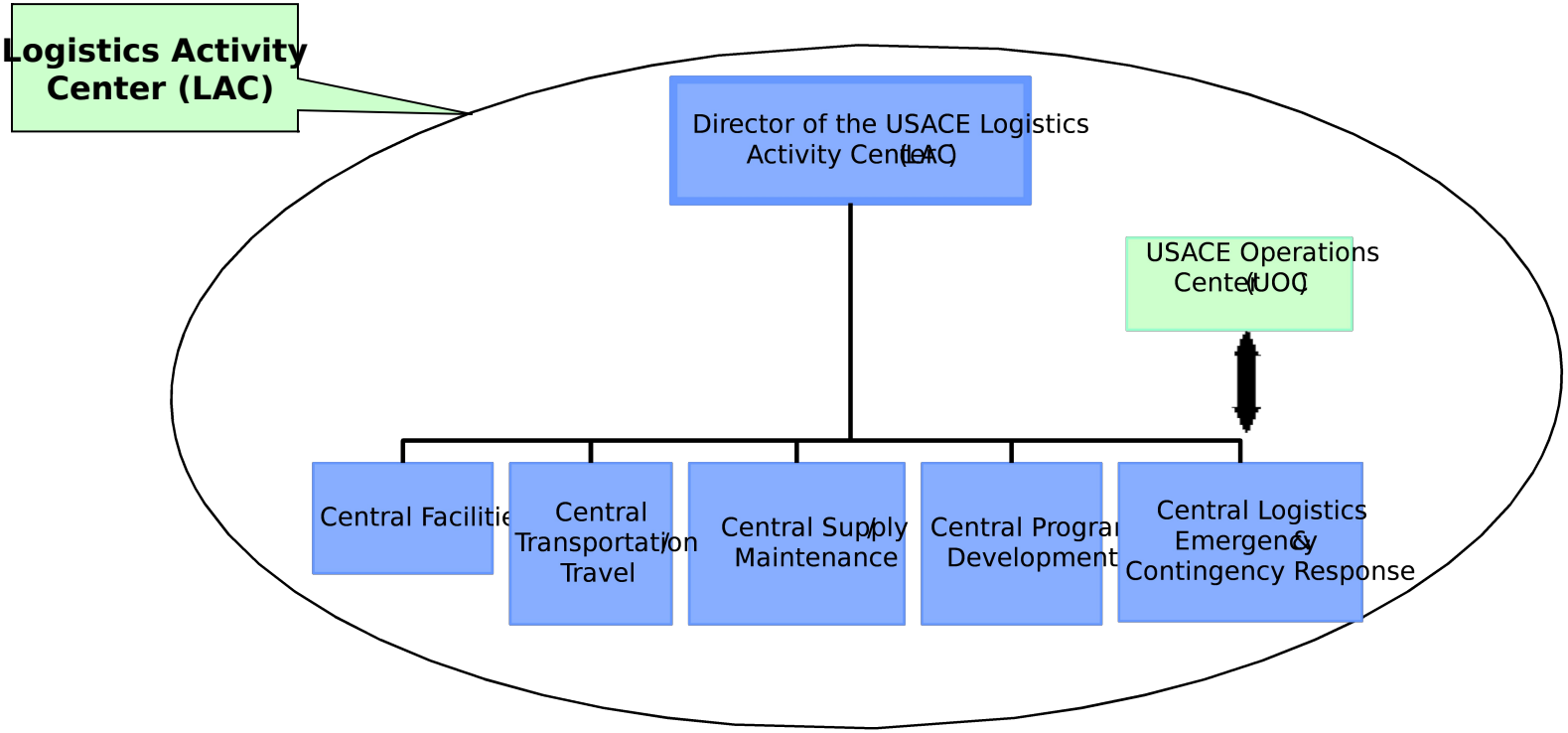
Logistics Organization as a HPO…

Logistics Activity Center (LAC)


Logistics Activity Center (LAC)
Director of the USACE Logistics Activity Center (LAC)
USACE Operations Center (UOC)
Central Facilities
Central Transportation / Travel
Central Supply / Maintenance
Central Program Development
Central Logistics Emergency & Contingency Response

Total 117

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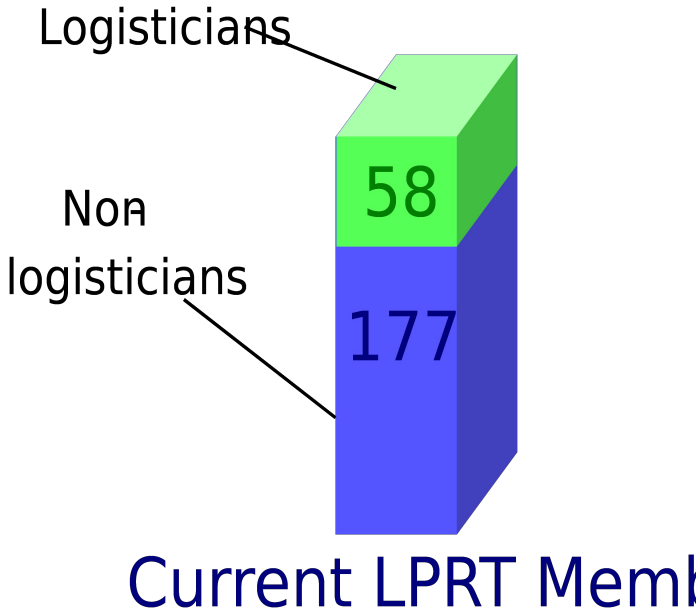
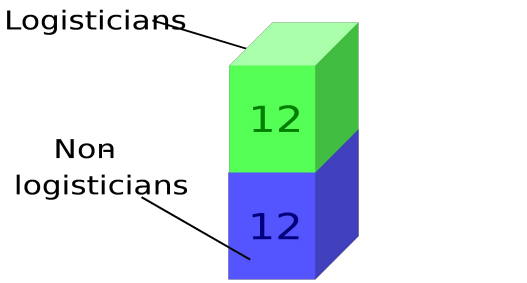
CURRENT CONDITION

Civil Emergencies/Military Contingencies Staffing Guide

Current Doctrine: Field Force Engineering Logistics Support Teams (LST) and Civil Logistics Planning and Response (Teams) members are drawn from a volunteer pool that crosses functional lines. There is no required minimum number of logistician team members before crossing functional lines to staff the LPRT & LST.





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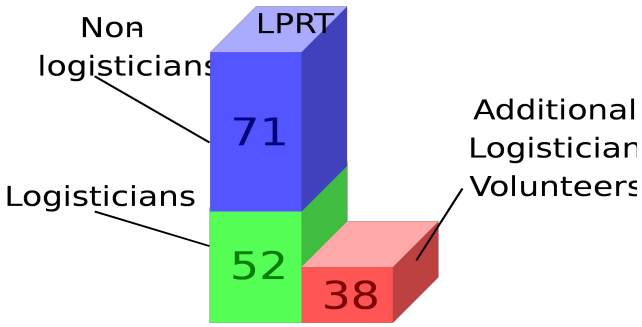
2005 Deployed Logistics Emergency/Contingency Resources

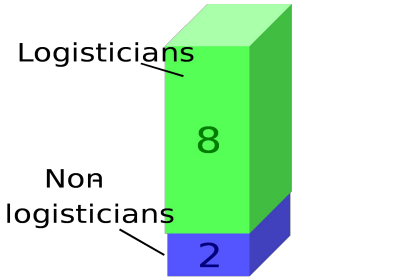
Current Doctrine: Logistics Support Teams (LST) and Logistics Planning and Response (Teams) members are drawn from a volunteer pool that crosses functional lines.

2005 Deployed LPRTs consist of more Non-professional Logisticians and Additional Volunteers than professional Logistician regular LPRT members

Curren t

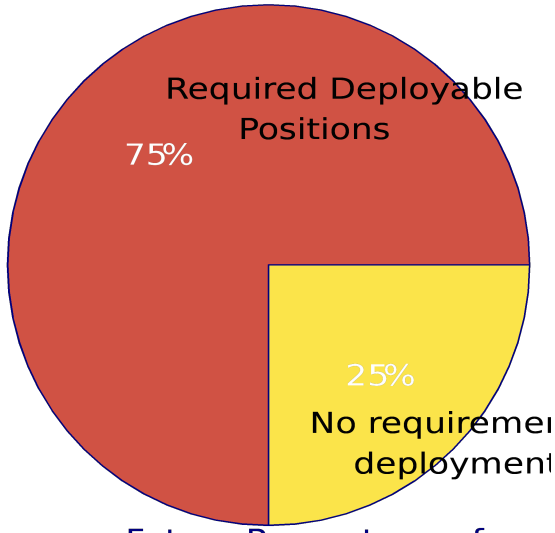


2005 Logistics Hurrican Response Deployme



2005 LST Deployme

Futu



Future Percentage of Deployment Required Positio

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Civil Emergencies/Military Contingencies Staffing Guide

- **Current Logistics Posture Disadvantages**:
  - **All volunteer force**
  - **Piecemeal deployment of teams dissolves team cohesion**
  - **Pick-up teams delays response**
  - **Regional business approach requires team in entirety**
- **Future Logistics Posture Advantages:**
  - **Dedicated, trained, professional logisticians (75% required deployable logisticians)**
  - **Planned deployment provides synergy, team cohesion, building on previous experience, & succession planning**
  - **Deployment is position requirement and insures immediate response**
  - **USACE national business approach allows for multiple deployment plans**
  - **Provides for exercises and planning**
  - **Contractor (Logistics Civilian Augmentation Program), USACE volunteers and retired annuitants support for surge requirements**

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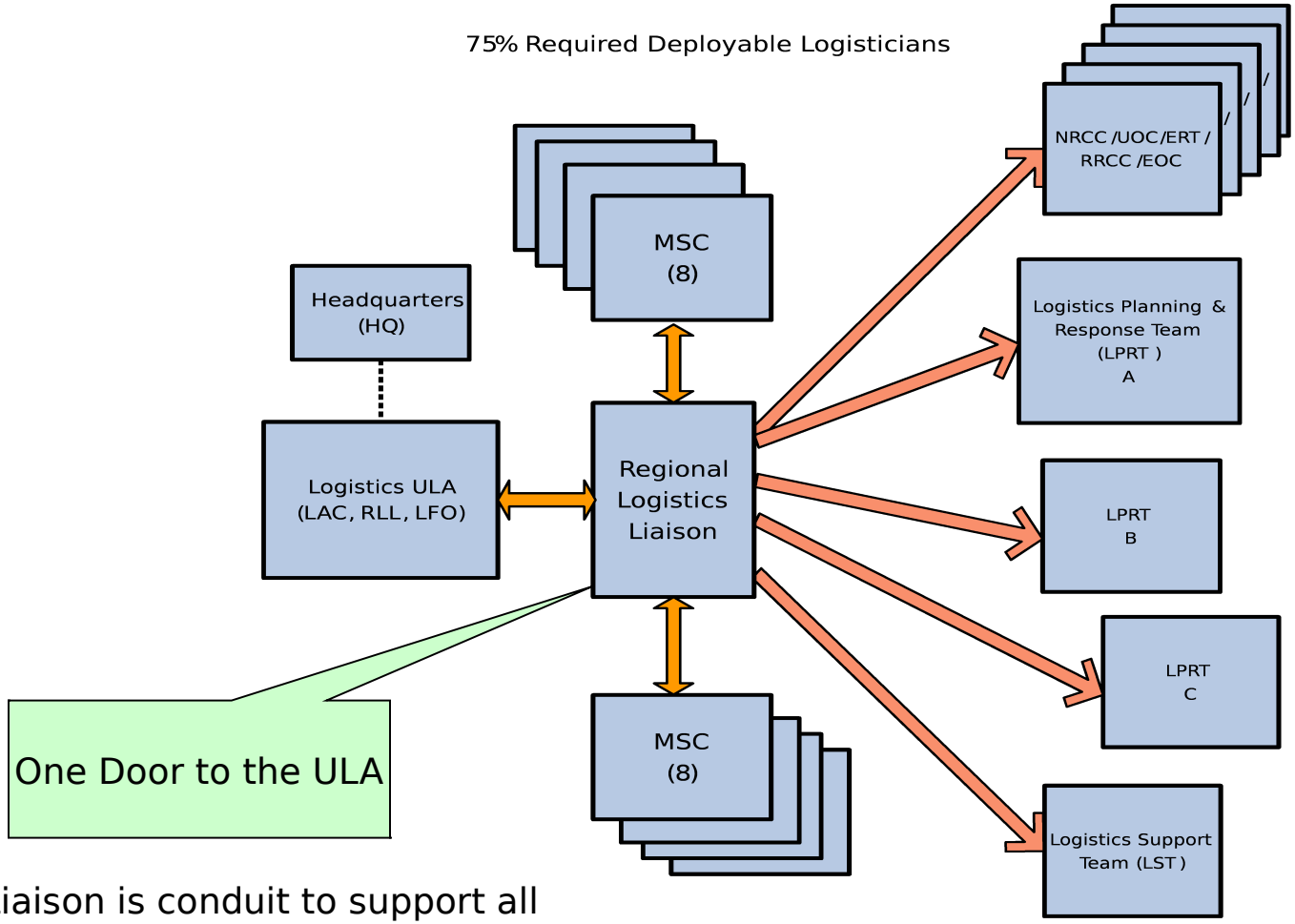
HPO Emergency/Contingency Response Process



Liaison is conduit to support all regional issues

HPO Savings

- **Manpower (Full Time Equivalent)**
  - **Present: 538**
  - **Future: 412**
- **Estimated net labor savings in five years: $45M**
- **Estimated net FTE labor savings: 126 within HPO**
- **Estimate prepared using OMB COMPARE software which adjusts for inflation**

Indirect Benefits – Estimated Command-Wide 5 Year Cost Avoidance $30M

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HPO Concept Benefits

- Empowers a workforce of professionally trained logisticians
- Improves organizational flexibility and depth
- Promotes and enables focus on the customer
- Reduces long-term logistics costs
- Enables USACE commanders and leaders to redirect resources
- Incorporates Lean Six Sigma

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Challenges

- Cultural and Operating Changes
- Finalizing Human Resource Plan
- Selection of Physical Location

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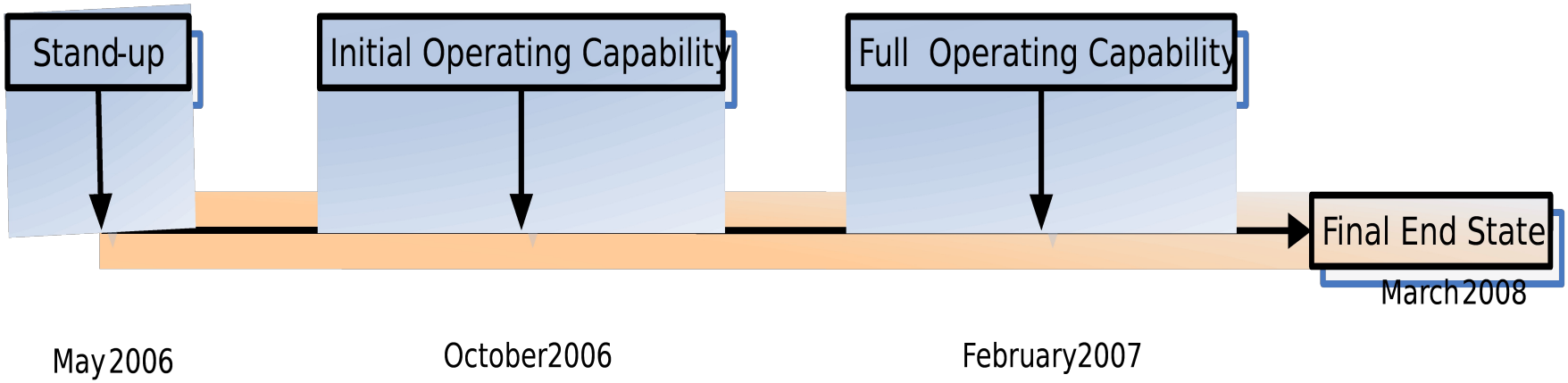
Stand-up to End State



Logistics Management High Performing Organization (HPO) Timeline

	Activity	Action Office	Date	Status/Comment
1	**Logistics Management competition Preliminary Planning**	**SSPO**	**2004 - 2005**	**Complete**
2	**National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136) Section 337 establishes high-performing organization, business-process reengineering pilot program**	**SSPO**	**June 2005**	**Complete**
3	**Delegation of High Performing Organization (HPO) approval authority to Deputy Under Secretary of Defense (Installations and Environment)**	**Under Secretary of Defense**	**23 Mar 05**	**Complete**
4	**Discussions of the impact of scope and grouping preliminary planning findings on competition strategy**	**SSPO**	**May 05**	**Complete**
5	**Discussions with Army about Logistics Management as Army HPO candidate**	**SSPO**	**May 05**	**Complete**
6	**Meeting with Army and Defense and verbal approval by Defense for Logistics Management HPO as Army HPO candidate**	**SSPO**	**8 Jun 05**	**Complete**
7	**Written request for HPO candidates**	**Under Secretary of Defense**	**26 Jul 05**	**Complete**
8	**Submits written nomination of Logistics Management HPO as Army HPO candidate**	**Assistant Secretary of the Army for Installations and Environment**	**8 Sep 05**	**Complete**
9	**“PWS” & HPO structure developed**	**HPO PDT**	**Jun – Aug 05**	**Complete**
10	**Concept Plan Approved by USACE Delegated Component Competitive Sourcing Official**	**SSPO/HPO PDT**	**Aug 05**	**Complete**

Logistics Management High Performing Organization (HPO) Timeline

	Activity	Action Office	Date	Status/Comment
11	**Briefing HPO Concept, Communication Plan, HPO Guide, HPO Questions**	**HPO Team**	**Aug 05**	**Complete**
12	**Suspended for 2005 Hurricane Support**	**HPO Team**	**Sept 05 – Oct 05**	**Complete**
13	**Develop/Finalize transition, communications & quality plans, TDA, job descriptions and other key products required to stand up the HPO**	**SSPO**	**31 Oct 05 – 30 Jun 06**	**In Process**
14	**District Commander Conference**	**SSPO**	**Jan 06**	**Future Process**
15	**Competitive Reassignment Process**	**HR**	**Jun – Dec 06**	**Future Process**
16	**VSIP/VERA application period**	**HR**	**Jan 07**	**Future Process**
17	**Priority Placement Program Registration**	**HR**	**Jan 07**	**Future Process**
18	**Reduction-in-Force Notices**	**HR**	**Feb 07**	**Future Process**
19	**Reduction-in-Force Effective**	**HR**	**Apr 07**	**Future Process**

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QUESTIONS?